

## Message Text

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PAGE 01 BONN 04125 01 OF 02 081713Z  
ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 SP-02 USIA-06 AID-05 EB-08 NSC-05  
TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00  
FRB-03 INR-07 NSAE-00 LAB-04 SIL-01 PRS-01 /089 W  
-----081728Z 074473 /43

R 081659Z MAR 77  
FM AMEMBASSY BONN  
TO SECSTATE WASHDC 6256  
INFO AMEMBASSY BRUSSELS  
AMEMBASSY COPENHAGEN  
AMEMBASSY DUBLIN  
AMEMBASSY LONDON  
AMEMBASSY LUXEMBOURG  
AMEMBASSY PARIS  
AMEMBASSY THE HAGUE  
AMEMBASSY ROME  
USMISSION GENEVA  
USMISSION EC BRUSSELS  
USMISSION NATO BRUSSELS  
USMISSION OECD PARIS

C O N F I D E N T I A L SECTION 01 OF 02 BONN 04125

E.O. 11652: GDS  
TAGS: ETRD, EFIN, EEC, CIEC, EAID  
SUBJ: CIEC PREPARATIONS

REF: (A) OECD PARIS 6292, (B) EC BRUSSELS 2085

1. SUMMARY: EMBOFF DISCUSSIONS WITH OFFICIALS OF  
FOREIGN, ECON AND ECONCOOP MINISTRIES MARCH 4, 7 AND 8  
REVEAL WIDESPREAD SATISFACTION WITH TENTATIVE POSITIONS  
TAKEN BY UNDER SECRETARY COOPER IN PARIS LAST WEEK.  
THIS MESSAGE REPORTS SOME OF THEIR COMMENTS. END  
SUMMARY.

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PAGE 02 BONN 04125 01 OF 02 081713Z

2. REACTION FROM FRG FOREIGN, ECONOMICS AND ECONCOOP  
MINISTRIES TO UNDER SECRETARY COOPER'S PRESENTATION  
TO CIEC-8 IN PARIS LAST WEEK WERE UNIFORMLY FAVORABLE.  
AMBASSADOR ROBERT (FONMIN) EXPRESSED CONSIDERABLE  
SATISFACTION ON MARCH 4 TO E/C MINISTER ON G-8  
MEETING IN PARIS AND SIDE DISCUSSIONS WITH UNDER  
SECRETARY-DESIGNATE COOPER.

3. ROBERT THOUGHT MAJOR CHANGE IN U.S. POSITION WAS ON COMMON FUND, AND WAS MORE OR LESS IN THE DIRECTION DESIRED BY THE FOREIGN MINISTRY. HE DID STRESS, HOWEVER, THAT FUND SHOULD BE TO STABILIZE PRICES, BUT SHOULD NOT ALTER THE LONG-TERM GENERAL TREND OF MARKET PRICES. HE SEEMED TO THINK IN ANY EVENT THAT THE POSSIBILITY OF AN ACROSS THE BOARD "BUST" CONCURRENTLY ACROSS ALL MARKETS WAS EXTREMELY "REMOTE". ROBERT WAS ALSO PLEASED WITH PROCEDURAL DEVELOPMENTS AND THOUGHT DUTCH AND FRENCH WOULD REMOVE THEIR RESERVATIONS ON EC PROPOSALS AT MARCH 8 MINISTERIAL MEETING.

4. ECONMIN OFFICIALS SUPPORT THE PROPOSAL OF THE EC COMMISSION STAFF (SEE REF B) THAT, TOWARDS THE END OF THE GENEVA COMMON FUND NEGOTIATIONS, THE INDUSTRIAL COUNTRIES SHOULD GIVE A SIGNAL TO THE DEVELOPING COUNTRIES THAT THEY ARE WILLING TO BE FORTHCOMING. THIS SIGNAL WOULD INCLUDE OFFER OF A CLEARINGHOUSE TYPE OF COMMODITY FUND PLUS SOME SWEETENERS IN EXISTING IMF EXPORT EARNINGS STABILIZATION FACILITY. ECONMIN OFFICIALS BELIEVE SUCH SWEETENERS COULD TILT IMF FACILITY IN FAVOR OF THE POOREST COUNTRIES, (I.E., THOSE WITH LESS THAN \$300 ANNUAL PER CAPITA INCOME), BY LOWERING INTEREST RATES, EXTENDING CREDIT DURATION AND/OR ELIMINATING CEILINGS BASED ON IMF QUOTAS. THESE OFFICIALS WISH TO STUDY FURTHER THE "OVERDRAFT"

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PAGE 03 BONN 04125 01 OF 02 081713Z

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PAGE 01 BONN 04125 02 OF 02 081714Z  
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C O N F I D E N T I A L SECTION 02 OF 02 BONN 04125

PROPOSAL MENTIONED BY UNDER SECRETARY COOPER IN PARIS  
LAST WEEK TO SEE WHETHER IT CAN BE LINKED TO EXISTING  
FRG IDEAS CONCERNING EXPORT EARNINGS STABILIZATION  
PROPOSALS, SUCH AS EXTENSION OF THE LOME AGREEMENT  
STABEX SCHEME TO ADDITIONAL COMMODITIES AND ADDITIONAL  
PARTICIPANT COUNTRIES.

5. WIESEBACH (ECONCOOPMIN) ADMITTED THAT FINANCE AND  
AID MINISTRIES ARE STILL FAR APART ON DEBT AND RESOURCE  
TRANSFER POLICY. HIS MINISTRY ALSO PROPOSES THAT THE  
G-8 OFFER SOME FORM OF FINANCIAL SUPPORT MECHANISM FOR  
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PAGE 02 BONN 04125 02 OF 02 081714Z

THE POOREST LDC'S AS A MAJOR CONTRIBUTION TO A SUCCESS-  
FUL OUTCOME OF CIEC. WIESEBACH NOTED THAT CIEC HAS  
BARELY TOUCHED UPON THE MUCH LARGER DEBT PROBLEMS OF THE  
"THRESHOLD" LDC'S SUCH AS BRAZIL OR MEXICO. HE FELT  
THAT DONOR COUNTRIES CANNOT BE EXPECTED TO DRAW FROM  
THEIR BUDGETS TO ASSIST IN THESE CASES. RATHER, THE  
FUNDS NEEDED TO FINANCE RE-SCHEDULING OPERATIONS MUST  
BE FOUND IN THE PRIVATE CAPITAL MARKETS.

6. RE PARA 4 OF REF B, THE FRG, LIKE THE US, FRANCE,  
AND ITALY, HAS HAD RESERVATIONS ON THE ODA "IMMEDIATE  
ACTION" PROPOSAL, ON THE GROUNDS THAT IT WOULD UNDER-  
MINE EFFORTS OF THE IMF AND OTHER IFI'S TO ESTABLISH  
AND ENFORCE DOMESTIC STABILIZATION CRITERIA BEFORE  
DISBURSING FUNDS.

7. WITH RESPECT TO FIFTH IDA REPLENISHMENT (PARA 4,  
REF A) FRG OFFICIALS SAY THAT THE DM 2 BILLION

OFFER MADE RECENTLY IN WASHINGTON BY FRG AID MINISTER  
SCHLEI IS UNDERSTOOD TO BE WITHIN THE FRAMEWORK OF THE  
\$7.2 BILLION TOTAL PROPOSAL.

8. FRG OFFICIALS LOOK FORWARD TO CONTINUING CLOSE  
CONSULTATIONS WITH US OFFICIALS, BEGINNING WITH FINANCE  
MINISTRY STATE SECRETARY POEHL'S VISIT TO WASHINGTON  
AND BOSWORTH VISIT TO BONN.  
CASH

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## Message Attributes

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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009